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PART V

Bills introduced in the Council of State and Legislative Assembly, Reports of Select Committees presented to the Council and Assembly and Bills published under rule 18 of the Indian Legislative Rules.

GOVERNMENT OF INDIA

LEGISLATIVE ASSEMBLY DEPARTMENT

The following Report of the Select Committee on the Bill further to amend the Indian Trade Unions Act, 1926, was presented to the Legislative Assembly on the 26th February, 1947:—

We, the undersigned, members of the Select Committee to which the Bill further to amend the Indian Trade Unions Act, 1926, was referred, have considered the Bill, and have now the honour to submit this our Report, with the Bill as amended by us annexed thereto.

Clause 3.—The definition of “employer” has been amplified on the lines of the definition in the Industrial Disputes Bill as revised by the Select Committee with the addition that the expression will also include an association of employers and a definition of “industry” as in that Bill has been included. We have also suggested that the Courts to be appointed under the proposed section 28B should be designated “Labour Courts” instead of “Industrial Courts”.

Clause 4: Proposed section 28A.—Since the regulation of labour in mines and oilfields is a subject included in the Federal Legislative List, we consider that the Central Government, rather than the Provincial Government, should be the appropriate Government in respect of Trade Unions consisting for the most part of workmen employed in mines or oilfields. We have also reduced the percentage specified in the *Explanation* to this section from seventy to fifty.

Proposed section 28B.—We consider that the personnel of Labour Courts should be such as to command respect and confidence. Sub-section (1) has been revised to indicate the high level we would like to see maintained in the selection of Judges for these Courts.

Proposed section 28D.—The conditions set out in this section are not intended to apply to recognitions by agreement and this has been made clear in the revised section. Clause (a) has been amplified to include allied or connected industries. Clause (c) as originally proposed has evoked strong opposition. We have revised it omitting the reference to communal or religious grounds and laying down a condition in more general terms. The rules of a Trade Union seeking recognition before a Labour Court should not in our view provide for the exclusion from membership of *any* class of workmen employed in the particular industries for which the Trade Union has been formed. The condition in clause (g) has been incorporated in sub-section (1) of section 28 E where it is more appropriate, and clause (h) has been omitted as being unnecessary.

The question whether a particular Trade Union is a representative Trade Union from the point of view of the employer is obviously of great importance, and instead of leaving the criteria to be prescribed by rules, we have laid down in sub-section (4) of the revised section 28E what appears to us to be the main consideration in this respect. At the same time we have left the Labour Court full discretion in border line cases to adjudge the representative character of an applicant Trade Union.

A proviso has been added to section 28D explaining condition (b) in regard to recognition by an association of employers.

Proposed section 28E. Sub-section (1).—Since the condition precedent for applying to the Labour Court as originally proposed, namely, that the employer should have refused to recognize the Trade Union may lend itself to the adoption of dilatory tactics by employers so inclined, we have replaced it by the condition that the Trade Union should have failed to obtain recognition within three months of applying to the employer for recognition.

Sub-section (2), which is new, makes it clear that a single application may be made under sub-section (1) for recognition by more than one employer, or by an association of employers as well as one or more members thereof.

Sub-section (3).—The original sub-section (2) is unnecessarily rigid. The Labour Court may be given the discretion which a Civil Court usually has, in regard to the granting and extending of time for furnishing the information required by it.

Sub-sections (5) and (6).—Sub-sections (3) and (4) as originally drafted leave the final decision in the matter to the appropriate Government for which we see no justification. The Labour Court should in our view be empowered finally to decide the question, and not merely to recommend to the appropriate Government, whether or not the applicant Trade Union should be recognized by the employer. We have provided accordingly in revised sub-section (5).

Where the Trade Union seeks recognition by an association of employers and the Court grants it, the recognition will not be binding on individual members of the association. We consider however that if the Court is satisfied that the Trade Union is representative of the workmen employed by any such member, it should be authorised to direct recognition by that employer, in addition to directing recognition by the association.

Express provision has been made in the revised sub-section (6) on the lines of section 28C(3).

Proposed section 28F.—We consider the period of six months proposed in sub-section (2) to be too long for reopening what the employer may regard as a concluded matter, and have reduced it to three months. The reference to “a Trade Union” in the original draft is liable to be construed too widely, and to the prejudice of the particular Trade Union seeking to negotiate with the employer. We have, therefore, replaced “a” by “the”.

Proposed section 28G.—In order to avoid factious quarrels between contending Trade Unions, we consider that the right to apply to a Labour Court for withdrawal of the recognition of a Trade Union should be limited to the Registrar and the employer concerned. Other Trade Unions would be at liberty to move the Registrar in the matter if they had sufficient grounds for doing so. We have made it clear that the section applies only to recognitions by order of the Labour Courts and not to recognitions by agreement.

Sub-sections (3) and (4) have been combined and revised on the same lines as sub-sections (5) and (6) of the revised section 28E.

Proposed section 28I.—This section also should apply only to Trade Unions recognized under section 28E.

Proposed section 28K.—The unfair practice set out in the original clause (c) of this section is, in our opinion, too vague and likely to lead to complications. We have replaced it by another clause designed to prevent the victimisation of officers of a recognised Trade Union merely because they are such officers. We have also added *ex majore cautela* a proviso that the refusal of an employer to permit his workmen to engage in trade union activities during their hours of work shall not be regarded an unfair practice.

Clause 7.—A sub-section has been added to the proposed section 32A providing for the payment of compensation to any workmen discharged or otherwise discriminated against by an employer in contravention of this section, read with clause (c) or clause (d) of the proposed section 28K.

2. The Bill was published in the Gazette of India, Part V, dated the 23rd February, 1946.

3. We think that the Bill has not been so altered as to require re-publication and we recommend that it be passed as now amended.

JOGENDRA NATH MANDAL.

JAGJIVAN RAM.

*N. M. JOSHI.

BALKRISHNA SHARMA.

*VADILAL LALLUBHAI.

ROHINI KUMAR CHOUDHURY.

*P. J. GRIFFITHS.

*A. C. INSKIP.

SAMPURAN SINGH.

S. C. JOSHI.

*MANIBEN KARA.

*S. GURUSWAMI.

MUHAMMAD NAUMAN.

AHMED E. H. JAFFER.

GHULAM BHIK NAIRANG.

NEW DELHI;

The 26th February, 1947.

* Subject to a minute of dissent.

MINUTES OF DISSENT

I

We are of the opinion that the Bill even as it emerges out of the Select Committee places heavy restrictions on the Trade Unions seeking recognition and provides only a few advantages.

Our main points of difference with the majority of the members of the Select Committee are given below :—

Parts (a) to (f) of Clause 28D.—Instead of the six conditions imposed by parts (a) to (f) of Clause 28D the only condition for the recognition of a Union should be the registration of the Union. The period of six months after registration which must elapse before a Union can apply to the Labour Court for recognition is unnecessary.

Sub Clause (3) and (4) of Clause 28E.—There is no need to empower the Labour Court to ask for information further than the information regarding the conditions laid down in parts (a) to (f) of Clause 28D.

Sub-clause (1) of Clause 28F.—The only privilege allowed by the Bill to a recognised Trade Union is to receive replies to its letters and have interviews with management. We feel that in addition to the above, facilities to enable it to do its work effectively should be provided by the employer to a recognised Trade Union. Some of the facilities we would like to be provided are given below :

- (a) Provision of suitable place for displaying notices of the Union ;
- (b) Permission for collection of subscriptions from its members and the holding of meetings on premises of the establishment ;
- (c) Leave of absence to members of the executive for attending meetings and for negotiating with the employer ;
- (d) Consultation with representatives of the Union before making any change in the working conditions, particularly when the change happens to be to the disadvantage of the workers ; and
- (e) Permission to Union representatives to make a personal investigation regarding the complaint of its members by going within the premises of the establishment.

Sub Clause (2) of Clause 28F.—The only privilege allowed by the Bill *viz.*, receiving replies to letters and having interviews with the employer, would be restricted under this clause. The period of three months which must elapse before a subject on which conclusion has been arrived at, can be reopened is too long. Three months should be substituted by a month.

Clause 28G.—The period of six months which is provided by the Bill between the withdrawal of recognition and fresh application for recognition is too long. We propose that this period need not be longer than three months.

Promiso to Clause 28J.—The employer cannot be allowed to impose restriction upon the freedom of the worker to engage himself in the Trade Union activity outside the premises even during the working hours of the establishment.

N. M. JOSHI,
MANIBEN KARA.
S. GURUSWAMI.

New Delhi,
The 26th February 1947.

II

Parts (a), (b) and (c) of Clause 28D.- I consider Sectional or Craft Unions should not be recognised where Industrial Unions cover the same class of employees unless the former represent more than 50% of the class of employees concerned.

I further consider multiplicity of Unions covering the same workers should be discouraged by making it a condition that such Unions should satisfy the competent authority as to the desirability of existence of such plural Unions.

S. GURUSWAMI.

NEW DELHI,

The 26th February 1947.

III

In part III-B, the sub-sections (a) and (b) of 28J, leave in my opinion, some ground uncovered. For instance, under this provision, employees in different factories or occupations belonging to a Trade Union may not be committing an unfair practice even when they go on an irregular strike one by one in different factories or occupations successively. While some workers in one factory or occupation may be participating in an irregular strike at one time, some workers in other factories or occupations may go on an irregular strike at another time in succession. This won't be covered by the words "majority of the Members of the Trade Union" because the members of a Union will be scattered over different factories or occupations and their factory or occupation-wise irregular strikes may not be unfair practice according to this provision, unless the strikers in one and the same factory or occupation constitute a majority of the members of the Union and this may not always be the case. This will thus not only result in continuous harassment to the employers, but also in paralysing the whole industry, as different units of the industry will be broken one after another. I, therefore, suggest that for the words "majority of the members of the Trade Union", the words "majority of the members working in a factory or occupation and belonging to the Union" should be substituted.

Sub-Clause (b) of Section 28J leaves individual members of the executive of the Union free to advise or actively support or to instigate an irregular strike, without committing an unfair practice. The executive of the Union may not pass a resolution to this effect, but any individual member of the executive may frustrate the object of this provision by advising or actively supporting or instigating an irregular strike in his individual capacity. I feel, therefore, that this sub-clause should be so modified as to lay down that what is an unfair practice for the executive as a whole, should be an unfair practice also in respect of individual members of the executive of the Union.

VADILAL LALLUBHAI.

NEW DELHI,

The 26th February, 1947.

IV

We consider the whole principle of compulsory recognition unsound. In our view recognition should be a matter for agreement between employer and employed and under no other conditions do we believe that the growth of Trade Unions is likely to be healthy. We shall seek to move amendments to this effect at the appropriate stage of the Bill. If this view is not accepted, our next contention is that the Labour Court should only be allowed to order recognition in cases where it comes to a finding that the refusal to recognise has been unreasonable.

New Delhi,

The 26th February 1947

P. J. GRIFFITHS.

A. C. INSKIP.

L. A. BILL No. 18 OF 1947

(BILL AS AMENDED BY THE SELECT COMMITTEE)

*(Words underlined or so underlined indicate the amendments suggested by the Committee, asterisks indicate omissions)**A. Bill further to amend the Indian Trade Unions Act, 1926*

WHEREAS it is expedient further to amend the Indian Trade Unions Act, 1926 (XVI of 1926), for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. Short title and commencement.—(1) This Act may be called the Indian Trade Unions (Amendment) Act, 1947.

(2) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint.

2. Amendment of long title and preamble, Act XVI of 1926.—In the long title and preamble of the Indian Trade Unions Act, 1926 (hereinafter referred to as the said Act),—

(a) after the word ‘registration’ the words “and recognition” shall be inserted;

(b) for the words “registered Trade Unions in British India” the words “registered and recognised Trade Unions and to certain unfair practices in industrial or trade employment” shall be substituted.

3. Amendment of section 2, Act XVI of 1926.—In section 2 of the said Act,—

(a) clauses (b) to (h) shall be relettered as clauses (f), (g), (i), (j), (k) (m) and (n), respectively;

(b) for the opening paragraph and clause (a), the following shall be substituted, namely:—

“In this Act, unless there is anything repugnant in the subject or context,—

(a) ‘appropriate Government’ means, in relation to Trade Unions whose objects are not confined to one Province, the Central Government, and in relation to other Trade Unions, but subject to the provisions of section 28A, the Provincial Government;

(b) ‘employer’ means,—

(i) in relation to an industry carried on by or under the authority of any department of a Government in British India, the authority prescribed in this behalf, or where no authority is prescribed, the head of the department,

(ii) in relation to an industry carried on by or on behalf of a local authority, the chief executive officer of that authority,

and includes an association of employers;

- (c) 'executive' means the body, by whatever name called, to which the management of the affairs of a Trade Union is entrusted;
- (d) 'industry' means any business, trade, undertaking, manufacture or calling of employers, and includes any calling, service, employment, handicraft or industrial occupation or avocation of workmen;
- (e) 'Labour Court' means, in relation to a Trade Union, a Labour Court appointed by the appropriate Government under sub-section (1) of section 28B ;"

(c) after clause (g) as relettered by this section, the following clause shall be inserted, namely:—

'(h) "recognized Trade Union" means a Trade Union recognised under this Act;';

(d) after clause (k) as relettered by this section, the following clause shall be inserted, namely:—

'(l) "strike" and "illegal strike" have the meanings respectively assigned to them in the Trade Disputes Act, 1929 (VII of 1929), and "irregular strike" means an illegal strike or a strike declared by a Trade Union in contravention of its rules referred to in clause (i) of section 28 D ;

4. Insertion of new Chapters IIIA and IIIB in Act XVI of 1926.—After Chapter III of the said Act the following Chapters shall be inserted, namely:—

'CHAPTER IIIA

Recognition of Trade Unions

28A. *Modification of the definition of "appropriate Government" for certain purposes.*—Notwithstanding anything to the contrary in the definition of "the appropriate Government" in section 2, the Central Government shall be deemed to be the appropriate Government for the purposes of this Chapter in respect of Trade Unions consisting of workmen employed by the Central Government or by a Federal Railway or in a major port mine or oilfield—

Explanation.—In this section and for the purposes of this Chapter, a Trade Union of which not less than fifty per cent. of the members are workmen employed by the Central Government or by a Federal Railway or in a major port, mine or oilfield shall be deemed to be a Trade Union consisting of workmen employed by the Central Government or by a Federal Railway or in a major port, mine or oilfield as the case may be.

28B. *Appointment, constitution, powers and procedure of Industrial Courts.*—

(1) For the purposes of this Chapter, the appropriate Government shall appoint such number of Labour Courts as it considers necessary, consisting of one or more persons each of whom—

(a) is, or has been, a Judge of a High Court or a District Judge, or

(b) is qualified for appointment as a Judge of a High Court:

Provided that the appointment to a Labour Court of any person not qualified under clause (a) shall be made in consultation with the High Court of the **Province** in which the Labour Court has, or is intended to have, its usual place of sitting.

(2) Every Labour Court shall have all the powers of a Civil Court for the purposes of receiving evidence, administering oaths, enforcing the attendance of witnesses, and compelling the discovery and production of documents, and shall

be deemed to be a Civil Court within the meaning of sections 480 and 482 of the Code of Criminal Procedure, 1898 (V of 1898).

(3) The proceedings of Labour Courts shall be regulated and conducted in such manner as may be prescribed.

28C. *Recognition by agreement.*—(1) Where an employer agrees to recognize a Trade Union, a memorandum of agreement signed by the employer and the officers of the Trade Union, or their authorised representatives, may be presented to the Registrar who shall record the memorandum in a register in the prescribed manner.

(2) Such an agreement may be revoked by either party thereto on application made to the Registrar in the prescribed manner.

(3) While such an agreement is in force, the Trade Union shall, in its relations with the employer with whom the agreement is made, have all the rights of a recognized Trade Union under this Act, and shall for all other purposes be deemed to be a recognized Trade Union.

28D. *Conditions for recognition by order of a Labour Court.*—A Trade Union shall not be entitled to recognition by order of a Labour Court under section 28E unless it fulfils the following conditions, namely :—

(a) that all its ordinary members are workmen employed in the same industry or in industries closely allied to or connected with one another ;

(b) that it is representative of all the workmen employed by the employer in that industry or those industries ;

(c) that its rules do not provide for the exclusion from membership of any class of the workmen referred to in clause (b) ;

(d) that its rules provide for the procedure for declaring a strike ;

(e) that its rules provide that a meeting of its executive shall be held at least once in every six months ;

(f) that it is, and has been for at least six months prior to the date of the application to the Labour Court for recognition, a registered Trade Union, and that it has complied with all the provisions of this Act :

Provided that the reference in clause (b) to "the employer" shall as respects recognition by an association of employers, be construed as a reference to all the employers who are members of the association.

* * * * *

28E. *Application to, and grant of recognition by, Labour Courts.*—(1) Where a registered Trade Union having applied for recognition to an employer has failed to obtain recognition within a period of three months from the date of making such application, it may apply in writing, setting out such particulars as may be prescribed, to the Labour Court for recognition by that employer.

(2) A single application may be made under sub-section (1) for recognition—

(a) by more than one employer, or

(b) by an association of employers as well as one or more members thereof.

(3) The Labour Court may call for further information for the purpose of ascertaining whether the Trade Union is entitled to recognition by the employer under this section, and if the Trade Union fails to supply the required information within the time granted, the Labour Court may dismiss the application.

(4) The Labour Court shall, after serving notice in the prescribed manner on the employer, investigate whether the Trade Union fulfils the conditions for recognition set out in section 28D, and in deciding whether the condition set out in clause (b) thereof is fulfilled, the Labour Court shall have regard to, but shall not be bound by, the fact whether the proportion which the number of the workmen referred to in the said clause who are members of the Trade Union and are not in arrears of their subscription for any period exceeding three months, bears to the total number of such workmen is less, or not less, than such percentage, if any, as may be prescribed in this behalf, either generally, or in respect of any particular locality or any particular employer or class of employers, or any particular industry or class of industries.

(5) If the Labour Court is satisfied that the Trade Union is fit to be recognized by the employer, it shall make an order directing such recognition and may, where the recognition is to be by an association of employers, further direct, by the same or a subsequent order, recognition by every member of the association in relation to whom the Trade Union fulfils the condition set out in clause (b) of section 28D.

(6) Every order made under sub-section (5) shall be forwarded to the appropriate Government which shall notify it in the official Gazette, and while a recognition directed by such order is in force the Trade Union shall, in its relations with the employer concerned, have all the rights of a recognized Trade Union under this Act and shall for all other purposes be deemed to be a recognized Trade Union.

28F. Rights of recognized Trade Unions.—(1) The executive of a recognized Trade Union shall be entitled to negotiate with employers in respect of matters connected with the employment or non-employment or the terms of employment or the conditions of labour of all or any of its members, and the employer shall receive and send replies to letters sent by the executive on, and grant interviews to that body regarding, such matters.

(2) Nothing in this section shall be construed as requiring an employer to send replies to letters on, or grant interviews regarding, matters on which, as a result of previous discussion with the executive of the Trade Union, the employer has arrived at a conclusion, whether in agreement with the executive or not, unless a period of at least three months has elapsed since the said conclusion was arrived at, or unless there has been a change in circumstances.

(3) Any dispute between the employer and the executive of a recognized Trade Union as to whether a conclusion has been arrived at, or whether there has been a change in circumstances, within the meaning of sub-section (2), shall be referred to the Registrar whose decision shall be final.

28G. Withdrawal of recognition—(1) Where the recognition of a Trade Union has been directed under section 28E, the Registrar*** or the employer may apply in writing to the Labour Court for withdrawal of the recognition *** on any of the following grounds, namely:—

(a) that the executive or the members of the Trade Union have committed any unfair practice set out in section 28J within three months prior to the date of the application;

(b) that the Trade Union has failed to submit any return referred to in section 28I.

(c) that the Trade Union has ceased to be representative of the workmen referred to in clause (b) of section 28D.

(2) On receipt of an application under sub-section (1) the Labour Court shall, unless it thinks fit to dismiss the application summarily, serve notice in the prescribed manner on the Trade Union to show cause why its recognition should not be withdrawn.

(3) If after giving a reasonable opportunity to the Trade Union to show cause, the Labour Court is satisfied that the Trade Union is no longer fit to be recognized, it shall make an order declaring that the recognition of the Trade Union has been withdrawn, and forward a copy of the order to the appropriate Government which shall notify it in the official Gazette.

* * * *

28H. Application for fresh recognition.—On the expiry of not less than six months from the date of withdrawal of recognition of a Trade Union under sub-section (3) of section 28G, the Trade Union, if it continues to be a registered Trade Union, may again apply for recognition, and the procedure laid down in this Act shall apply in respect of such application as if it were an original application for recognition.

28I. Recognized Trade Unions to submit prescribed returns.—Every Trade Union recognized under section 28E shall submit to the Registrar at the prescribed time and in the prescribed manner such returns, in addition to those referred to in section 28, as may be prescribed.

CHAPTER IIIB

Unfair practices

28J. Unfair practices by recognized Trade Unions.—The following shall be deemed to be unfair practices on the part of a recognized Trade Union, namely :—

- (a) for a majority of the members of the Trade Union to take part in an irregular strike ;
- (b) for the executive of the Trade Union to advise or actively to support or to instigate an irregular strike ;
- (c) for an officer of the Trade Union to submit any return required by or under this Act containing false statements.

28K. Unfair practices by employers.—The following shall be deemed to be unfair practices on the part of an employer, namely :—

- (a) to interfere with, restrain, or coerce his workmen in the exercise of their rights to organise, form, join or assist a Trade Union and to engage in concerted activities for the purpose of mutual aid or protection;
- (b) to interfere with the formation or administration of any Trade Union or to contribute financial or other support to it;
- (c) to discharge, or otherwise discriminate against, any officer of a recognized Trade Union because of his being such officer ;
- (d) to discharge or otherwise discriminate against any workman because he has made allegations or given evidence in an inquiry or proceeding relating to any matter such as is referred to in sub-section (7) of section 28F.
- (e) to fail to comply with the provisions of section 28F :

“Provided that the refusal of an employer to permit his workmen to engage in Trade Union activities during their hours of work shall not be deemed to be an unfair practice on his part.”

5. Amendment of section 29, Act XVI of 1946.—(1) To sub-section (1) of section 29 of the said Act the following proviso shall be added, namely :—

“Provided that the making of regulations under this section for the purpose of carrying into effect the provisions of Chapter IIIA shall be deemed to be a purpose of that Chapter within the meaning of section 28A ”

(2) To the said section 29 the following sub-section shall be added, namely:—

“(3) The Central Government may give directions to a Provincial Government as to the regulations to be made under this section for prescribing the percentages referred to in sub-section (4) of section 28E.”

6. Amendment of section 31, Act XVI of 1926.—In section 31 of the said Act,—

(a) in sub-section (1),—

(i) after the word “registered” the words “or recognized” shall be inserted;

(ii) for the word “statement” the words “statement, return” shall be substituted;

(b) in sub-section (2), after the word and figures “section 28” the words, figures and letter “or any return referred to in section 28K,” shall be inserted.

7. Insertion of new section 32A in Act XVI of 1926.—After section 32 of the said Act the following section shall be inserted, namely:—

“32A. *Penalty for unfair practices.*—(1) Any employer who commits any unfair practice set out in section 28K shall be punishable with fine which may extend to one thousand rupees.”

(2) Where a Criminal Court imposes a fine, or confirms in appeal, revision or otherwise a sentence of fine imposed, on an employer for committing an unfair practice set out in clause (c) or clause (d) of section 28 K, it may, when passing judgment, order the whole or any part of the fine to be applied in the payment to any person of compensation for loss or injury caused by the unfair practice.

The following Bill* was introduced in the Legislative Assembly on the 31st March, 1947:—

L. A. BILL No. 38 OF 1947

A Bill to amend the law relating to salt.

WHEREAS it is expedient to amend the law relating to salt, and for that purpose further to amend the Central Excises and Salt Act, 1944;

1 of 1944

It is hereby enacted as follows:—

1 (1) This Act may be called the Central Excises and Salt (Amendment) Act, 1947. Short title and commencement

(2) It shall come into force on such date as the Central Government may, by notification in the official Gazette, appoint in this behalf.

2. In section 2 of the Central Excises and Salt Act, 1944 (hereinafter referred to as the said Act),— Amendment of section 2, Act I of 1944

(a) in clause (a), after the words “excisable goods” the words “or salt” shall be inserted;

*The Governor-General has been pleased to give the previous sanction required by section 67 (2) (a) of the Government of India Act, as saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order, 1936, to the introduction in the Legislative Assembly of this Bill.

(b) after clause (b) the following clause shall be inserted namely :—

“(bb) ‘Central Salt Officer’ means any officer of the Central Excise Department invested by the Salt Board with any of the powers of a Central Salt Officer under this Act or any other person so invested;”

(c) in clause (d), the words “and includes salt” shall be omitted;

(d) in clause (e), the words ‘other than salt’ shall be omitted;

(e) in clause (f) for the words beginning “so as to produce alimentary salt” and ending “are intended for sale” the following shall be substituted, namely :—

“so as to produce alimentary salt, and the excavation or removal of natural saline deposits or efflorescence;

and the word “manufacturer” shall be construed accordingly and shall include not only a person who employs hired labour in the processes of manufacture, but also any person who engages in such processes on his own account if the goods manufactured are intended for sale;”

(f) after clause (h) the following clauses shall be inserted, namely :—

“(hh) “salt” means sodium chloride and includes swamp salt, spontaneous salt, and salt or saline solutions made or produced from any saline substance or from salt earth;

“(hhh) “Salt Board” means the Indian Salt Board constituted under section 30B;”

(g) in clause (j),—

(i) in sub-clause (i), for the words “Collector of Central Excise” the words “Salt Board or a Central Salt Officer authorised by it in this behalf” shall be substituted;

(ii) for the words “Central Government” the words “Salt Board” shall be substituted;

(h) in clause (k), after the word “goods”, wherever it occurs, the words “or salt” shall be inserted.

**Amendment of
section 3, Act I
of 1944**

3. In sub-section (1) of section 3 of the said Act, the words “other than salt” and the words “and a duty on salt manufactured in, or imported by land into, any part of British India” shall be omitted.

**Amendment of
section 5, Act I
of 1944**

4. In section 5 of the said Act, the words “other than salt” shall be omitted.

**Amendment of
section 6, Act I
of 1944**

5. In clause (a) of section 6 of the said Act, the words “or of saltpetre” shall be omitted.

**Amendment of
section 14, Act I
of 1944**

6. In sub-section (1) of section 14 of the said Act, after the words “in this behalf” the words “or any Central Salt officer duly empowered by the Salt Board in this behalf” shall be inserted.

7. In section 15 of the said Act,—

Amendment of
section 15, Act I
of 1944

(a) to the marginal heading the words “and Salt Officers” shall be added;

(b) after the words “Central Excise officers” the words “and the Central Salt officers” shall be inserted.

8. In section 22 of the said Act,—

Amendment of
section 22, Act I
of 1944

(a) in the marginal heading, the words “by Central Excise officer” shall be omitted;

(b) after the words “Any Central Excise” the words “officer, Central Salt officer” shall be inserted.

9. To Chapter IV of the said Act the following section shall be added, namely:—

Insertion of new
section 20A in
Act I of 1944

“30A. The provisions of this Chapter shall apply in relation to salt as they apply in relation to excisable goods.”

This Chapter to
apply to salt

10. In Chapter V of the said Act and before section 31 the following sections shall be inserted, namely —

Insertion of new
sections 30B to
30K in Act I of
1944

“30B. (1) The Central Government shall, by notification in the official Gazette, constitute a Board to be known as the Indian Salt Board consisting of the Member of the Central Board of Revenue in charge of the salt administration, *ex officio*, as Chairman, and three whole time Directors appointed by the Central Government.

Constitution and
composition of
Salt Board

(2) Subject to the provisions of sub-section (3), the Directors shall hold office for five years and shall be eligible for reappointment.

(3) The Central Government may suspend from office for such period as it thinks fit or remove from office any Director who—

(a) becomes of unsound mind;

(b) becomes an insolvent;

(c) becomes a member of any Legislature in India,

(d) has, in the opinion of the Central Government, so failed to carry out his duties as Director as to render his suspension or removal, as the case may be, necessary

(e) absents himself without leave of the Salt Board from three consecutive ordinary meetings thereof.

(4) If any Director is by infirmity or otherwise rendered temporarily incapable of carrying out his duties, or is absent on leave or otherwise in circumstances not involving the vacation of his appointment, the Central Government may appoint any person to officiate for him.

(5) No act done by the Salt Board shall be called in question on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Salt Board.

XLV of 1860

(6) The Directors shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

(7) The pay and allowances of the Directors shall be such as may be determined by the Central Government.

Incorporation of Salt Board

30C. The Salt Board shall be a body corporate by the name of the Indian Salt Board, having perpetual succession and a common seal, with power to acquire property both movable and immovable, and shall by the said name sue and be sued.

Authentication of orders, etc., of Salt Board

30D. All orders and instruments of the Salt Board shall be authenticated by the signature of the Chairman or of any Director or of any officer of the Salt Board generally or specially authorised in writing in this behalf by the Salt Board.

Meetings of Salt Board and procedure thereat

30E. (1) The Salt Board shall hold ordinary meetings at such intervals as may be prescribed, and a special meeting for the transaction of urgent business may be convened by the Chairman at any time.

(2) The conduct of business at meetings of the Salt Board and the number of members necessary to constitute a quorum thereat shall be such as may be prescribed.

Duties of Salt Board

30F. The Salt Board shall be charged with the duties of

(a) mining quarrying and manufacturing salt by any process, to the exclusion (save as in this Act provided) of all other persons ;

(b) securing the efficient development of the salt industry ;

(c) making available supplies of salt, of such qualities, in such quantities and at such prices, as may be best calculated to serve the public needs in all respects. .

Powers of Salt Board

30G. (1) The Salt Board may do all such things as may be necessary for—

(a) prospecting for, mining, quarrying, manufacturing by any process, refining, storing, transporting and distributing salt ;

(b) importing and purchasing salt ;

(c) selling salt, whether manufactured by itself or purchased ;

(d) controlling the salt industry in all respects.

(2) Without prejudice to the generality of the foregoing powers, the Salt Board may—

(a) by order published in the official Gazette and with the previous approval of the Central Government, fix the maximum prices at which salt of specified qualities may be sold, whether wholesale or retail, by manufacturers, importers and dealers ;

(b) by order published in the official Gazette, fix grades of purity of salt for specified uses ;

(c) issue licences in the prescribed forms to manufacturers of salt or saltpetre and to importers of salt and to dealers, both wholesale and retail, in salt.

30H. (1) After the expiry of six months from the date of licences, the notification under sub-section (1) of section 30B constituting the Salt Board, no person shall, save as expressly provided by or under this Act, manufacture any salt or salt petre or import or sell, whether wholesale or retail, any, salt except under the authority and in accordance with the terms and conditions of a licence granted to him by the Salt Board.

(2) Licences granted under this section shall be valid for such period as may be prescribed, and the Salt Board may charge fees for such licences and renewals thereof at such rates as may be prescribed.

(3) Without prejudice to the power of the Salt Board to impose any other conditions in a licence,—

(a) it shall be a condition of every licence granted under this section that the holder thereof shall not sell salt at a price exceeding that for the time being fixed under clause (a) of sub-section (2) of section 30G, and shall not sell for a particular use salt of a grade of purity inferior to that for the time being fixed for that use under clause (b) of that sub-section;

(b) it shall be a condition of every licence granted under this section for the import or manufacture of salt that all salt imported or manufactured under the licence shall be offered for sale to the Salt Board, and if the Salt Board desires to purchase such salt, that it shall be sold to the Salt Board at such price as the Salt Board may fix; and in so fixing such price the Salt Board shall allow to the importer or manufacturer, as the case may be, such margin of profit as it considers reasonable.

(4) The Salt Board may authorise in writing any Central Salt officer to grant or renew, on its behalf, licences under this section :

Provided that in exercising such authority the Central Salt officer shall not impose in the licence any terms or conditions except such as he may be directed in writing by the Salt Board to impose and except the conditions referred to in sub-section (3).

(5) If any person to whom a licence has been granted under this section contravenes any provision of this Act or any term or condition of his licence, the Salt Board may, after giving him an opportunity of being heard and without prejudice to any other punishment or penalty to which he may be liable by reason of such contravention, cancel his licence or suspend it for such period as it thinks fit.

(6) If any person offers or keeps for sale for a particular use salt of a grade of purity inferior to that for the time being fixed for that use under clause (b) of sub-section (2) of section 30G, any Central Salt officer may, without prejudice to any other punishment or penalty to which such person may be liable by reason of such Act, seize and destroy or otherwise dispose of the stocks of such salt held by such person.

Certain minor operations to be permitted without licence

30J. Subject to compliance with such conditions as may be prescribed, a person may, without holding a licence granted under section 30H, scrape, collect or manufacture salt for the needs of himself and his family or for local sale, and, within such local limits as may be prescribed, sell salt so scraped, collected or manufactured.

Power to issue search-warrants

30J. Any magistrate may, on application by a Central Salt officer stating his belief that any salt in respect of which an offence punishable under this Act has been, is being or is likely to be committed is secreted in any place within the local limits of the jurisdiction of such Magistrate, issue a warrant to search for such salt; and such warrant shall be executed in the same way, and shall have the same effect, as a search warrant issued under the Code of Criminal Procedure, 1898.

V of 1898

Exemptions from provisions of this Act

30K. The Salt Board may, with the previous sanction of the Central Government, by notification in the official Gazette, exclude from the operation of all or any of the provisions of this Act any specified description of salt or saltpetre."

Amendment of section 31, Act I of 1944

11. In section 31 of the said Act, for the words "an officer duly empowered by the Central Government in this behalf" the words "the Salt Board" shall be substituted.

Amendment of section 32, Act I of 1944

12. In section 32 of the said Act,—

(a) for the words "an officer duly empowered by the Central Government in this behalf" the words "the Salt Board" shall be substituted ;

(b) for the words "the Collector of Central Excise" the words "a Central Salt officer duly authorised by the Salt Board in this behalf" shall be substituted ;

(c) for the words "Central Board of Revenue," the words "Salt Board," shall be substituted.

Insertion of new sections 32A to 32J in Act I of 1944
Penalties and procedure

13. To Chapter V of the said Act the following sections shall be added, namely :—

"32A. (1) If any person—

(a) manufactures salt or saltpetre or imports or sells salt, in contravention of any of the provisions of this Act or of any term or condition of a licence granted to him under section 30H, or

(b) sells any salt at a price exceeding that for the time being fixed under clause (a) of sub-section (2) of section 30G for the class of sale and quality of salt, or

(c) sells for a particular use any salt of a grade of purity inferior to that for the time being fixed for that use under clause (b) of the said sub-section,—

he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

(2) No prosecution for an offence punishable under this section shall be instituted except upon the complaint of a Central Salt officer.

32B. (1) The Salt Board may appoint a Secretary, and such other officers and servants as may be required to enable it to carry out its functions under this Act, including Central Salt officers who are not officers of the Central Excise Department. Appointment of staff

(2) The Salt Board may, with the approval of the Central Government, fix the rates of pay and other conditions of service of persons appointed under this section.

(3) All persons appointed under this section shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code. XLV of 1860

32C. The Central Government may from time to time advance loans to the Salt Board on such terms and conditions as the Central Government thinks fit. Loans to Salt Board

32D. On the date of the constitution of the Salt Board under section 30B, every salt factory owned by the Central Government and all rights in any other salt factory vesting in the Central Government immediately prior to the said date shall vest in the Salt Board. Certain property of Government to vest in the Salt Board

32E. (1) In February of each year the Salt Board shall submit to the Central Government a statement in the prescribed form of its estimated capital and revenue receipts and expenditure for the ensuing financial year, and may at any time during that year submit to the Central Government a supplementary statement. Financial provisions for Salt Board

(2) Save where in the opinion of the Salt Board circumstances of extreme urgency have arisen, no proposal involving more than ten thousand rupees on account of recurring expenditure or more than fifty thousand rupees on account of non-recurring expenditure shall be sanctioned by the Salt Board unless provision therefor has been included in the annual statement or a supplementary statement submitted under sub-section (1); and where any such expenditure is incurred under circumstances as aforesaid, a report thereon indicating the source from which it is proposed to meet the expenditure shall be made as soon as practicable to the Central Government.

(3) The Salt Board shall keep its funds in an account to be opened with the Reserve Bank of India, or in such other manner as may be prescribed.

(4) There shall be debitable to the funds of the Salt Board the pay and allowances of the Directors of the Board and of the persons appointed under section 32B, the allowances of members of the Salt Consumers Advisory Committee constituted under section 32H, all the costs of the administration of the Salt Board and all expenditure connected with its functions and enterprises.

Accounts and
audit

32F. (1) The salt Board shall cause to be maintained such books of account as may be prescribed and shall prepare in the prescribed manner an annual statement of accounts.

(2) The Salt Board shall cause its accounts to be audited annually in the prescribed manner.

(3) As soon as the accounts of the Salt Board have been audited, the Salt Board shall send a copy thereof together with a copy of the audit report thereon to the Central Government, and shall cause the accounts to be published in the prescribed manner and place copies thereof on sale to the public at a reasonable price.

Reserve Fund
and surplus

32G. (1) The Salt Board shall open and maintain a Reserve Fund to which there shall, until it has reached such amount as may be prescribed, be credited at the end of every financial year or as soon as may be thereafter such percentage of the profits of the Salt Board for that year as the Central Government, after considering the annual statement of the accounts of the Salt Board, may determine.

(2) After the Reserve Fund has reached the prescribed amount, the surplus of the profits of the Salt Board in every financial year, after making such allowance for the expenditure for the ensuing year as the Central Government may, in consultation with the Salt Board, determine, shall be paid to the Central Government.

Consumers
Advisory
Committee

32H. (1) The Central Government may, if it thinks fit, constitute a Salt Consumers Advisory Committee for the purpose of advising the Salt Board on any matter affecting the sale, supply or distribution of salt for both industrial and domestic uses and on any other matter on which the Salt Board may desire the advice of the Committee.

(2) The Salt Consumers Advisory Committee shall consist of the following members, namely :—

(a) one Director of the Salt Board, who shall be Chairman of the Committee, to be nominated by the Salt Board ;

(b) thirty persons, to be nominated after consulting, as far as it may be practicable so to do, representatives of the interests concerned, as follows :—

(i) two persons each by the Government of every Governor's Province, one to represent the interests of industrial consumers of salt, and the other to represent the interests of domestic consumers of salt, in the Province ;

(ii) eight persons by the Central Government, four to represent the interests of industrial consumers of salt, and four to represent the interests of domestic consumers of salt, in the rest of British India and in the Indian States.

(3) The times and places of meetings of the Salt Consumers Advisory Committee and all matters relating to procedure and the conduct of business thereof shall be such as may be prescribed.

(4) The allowances of members of the Salt Consumers Advisory Committee shall be such as may be prescribed.

32I. The powers of the Central Board of Revenue under this Act shall, in relation to salt and saltpetre, be exercised by the Salt Board, and the references in this Act to the Central Board of Revenue shall be construed accordingly. Further powers of Salt Board

32J. For the purposes of this Act so far as it relates to salt and saltpetre, the Central Government may from time to time give to the Salt Board such general or special directions as it thinks fit, and the Salt Board shall, in the exercise of its functions under this Act, comply with any such directions." Power to Central Government to give directions

14. In sub-section (1) of section 35 of the said Act,—

(a) after the words "by a Central Excise officer" the words "or a Central Salt officer" shall be inserted; Amendment of section 35, Act I of 1944

(b) for the words "of Revenue, or, in such cases" the words "of Revenue or the Salt Board, as the case may be, or in cases not relating to salt" shall be substituted.

15. In section 36 of the said Act, for the words "Central Excise officer or by the Central Board of Revenue," the words "authority other than itself" shall be substituted. Amendment of section 36, Act I of 1944

16. In section 37 of the said Act,—

(a) to sub-section (1) the following proviso shall be added, namely:— Amendment of section 37, Act I of 1944

"Provided that any rules under this section relating to salt made after the commencement of the Central Excises and Salt (Amendment) Act, 1947, shall be made in consultation with the Salt Board."

(b) in sub-section (2),—

(i) in clause (i), the words "the authorities by whom functions under this Act are to be discharged," shall be omitted;

(ii) in clauses (v), (x) and (xiv), the word "other" shall be omitted;

(iii) for clause (vi) the following clause shall be substituted, namely:—

"(vi) prescribe the authorities by whom functions under this Act are to be discharged, and provide for the employment of persons who are or are deemed to be public servants to supervise the carrying out of any rules made under this Act;"

(iv) the proviso to clause (xii) shall be omitted, and to the said clause as so amended, the words "and the periods of validity thereof" shall be added;

(v) in clause (xiii), for the words "Central Government," the words "Salt Board," shall be substituted;

(vi) in clause (xx), after the words "Central Board of Revenue" the words "or the Salt Board" shall be inserted;

(vii) after clause (xx) the following clauses shall be inserted, namely :—

"(xxi) impose conditions subject to compliance with which persons may, without the authority of a licence under this Act, scrape, collect or manufacture salt, and fix the local limits within which such salt may be sold without such authority;

(xxii) prescribe the manner in which the funds of the Salt Board may be kept, and provide for the audit of the accounts of the Salt Board;

(xxiii) fix the amount of the Reserve Fund to be maintained by the Salt Board;

(xxiv) provide for any other matter which under this Act, is to be or may be prescribed."

Amendment of
section 40, Act I
of 1944

17. In sub-section (1) of section 40 of the said Act, for the words "officer of the Crown" the words "person who is or is deemed to be a public servant" shall be substituted.

Amendment of
First Schedule,
Act I of 1944

18. In the First Schedule to the said Act, Item No. 5 shall be omitted.

Amendment of
First Schedule;
Act XXXII of
1934

19. In the First Schedule to the Indian Tariff Act, 1934, for items Nos. 25 (1) and 25 (2), the following item shall be substituted, namely :—

"25 (1) | SALT | ... | Free | ... | ... | ..."

STATEMENT OF OBJECTS AND REASONS

With the withdrawal of the duty on salt, whether produced in, or imported into, India, it has become necessary to revise the law relating to salt. At the same time, as explained in my Budget speech, it is desired that Government's interest in salt which has hitherto been largely confined to the collection of duty, should hereafter be positive and should be directed towards developing India's salt resources to the utmost and to the full satisfaction of her needs of salt for domestic, agricultural and industrial purposes.

2. The Bill proposes to amend the Central Excises and Salt Act, 1944 (Act I of 1944) so as to provide for continuance of Government production of salt and of control over organised manufacture and for extension of control to distribution and importation and also to wholesale and retail sale, in so far as may be necessary to ensure that the benefits of the new form of administration are passed on to the consumer. The control will be entrusted to an expert body to be called the Indian Salt Board.

3. Special provision is made for manufacture by individuals for their own purposes and for local sale.

4. The provisions relating to the formation of the Board and its conduct of business are similar to those designed to be applied to Electricity Boards under the Electricity (Supply) Bill, 1946.

5. The Salt Board will be linked with the Central Board of Revenue, firstly because the present salt administration forms part of the Central revenue organisation, secondly because other field work in this connection can be more economically performed by the Central Excise staff which is distributed throughout British India than by a separate establishment created for the purpose, and thirdly because any profits which the Board may make will be made over to Central revenues.

6. The Notes on Clauses briefly explain the main provisions of the Bill.

LIAQUAT ALI KHAN.

NEW DELHI ;

The 17th March, 1947.

NOTES ON CLAUSES

Clause 1.—This Bill is designed to amend the Central Excises and Salt Act, 1944, so as to abolish the duty on salt and to keep all salt production, importation and distribution under Government control.

Clause 2.—Makes consequential amendments in and additions to definitions.

Clause 3.—Provides for removal of the duty on salt produced in, or imported into, British India.

Clauses 4 and 5.—Consequential on Clause 3.

Clauses 6, 7 and 8.—These provide that certain powers and duties exercised by the salt administrative staff will be retained.

Clause 9.—Provides that control over transport of salt by sea will continue.

Clauses 10 and 30-B.—Lay down the constitution of the Indian Salt Board the term of office of Directors, and provisions for the disqualification, the appointment and the pay and allowances of Directors.

Clause 30-C.—Provides for the incorporation of the Salt Board.

Clauses 30-D and 30-E.—Self explanatory.

Clause 30-F.—Sets out the duties of the Board in regard to the production and supply of salt and the development of the industry.

Clause 30-G.—Confers certain essential powers on the Board in respect of the production, transport, storage, distribution, importation and sale of salt.

Clause 30-H.—Requires that manufacturing operations or trade in salt may only be carried on under the authority of a licence issued by the Salt Board, lays down certain statutory conditions, enables the Board to prescribe supplemental terms and conditions and provides for fixation of the fees payable and the period of validity, and for the grant, renewal and cancellation of licences and for the destruction of impure salt.

Clause 30-I.—Provides that an individual may make or gather salt for himself, his family or for local sale, subject to such conditions as may be prescribed.

Clauses 30-J and 30-K.—Self explanatory.

Clauses 11, 12 and 13.—Transfer to the Salt Board certain powers in respect of existing salt factories.

Clause 32-A.—Sets out penalties for contraventions of the provisions of the Act and of licences issued thereunder and in particular for infringement of the Board's directions in regard to the price or purity of salt.

Clause 32-B.—Enables the Board to appoint such staff as it may require.

Clause 32-C.—Enables the Central Government to provide the Salt Board with working capital.

Clause 32-D.—Transfers to the Salt Board the Central Government's ownership of, or interests in, salt factories.

Clause 32-E.—Regulates the submission by the Board of financial statements and defines its powers to incur expenditure. Also directs how the Board's funds shall be kept and what charges shall be debitable against these funds.

Clause 32-F.—Provides for the maintenance of accounts by the Salt Board and for the audit thereof. Also provides for their submission to the Central Government and for their publication.

Clause 32-G.—Requires the Salt Board to maintain a reserve fund and to surrender its surplus profits to the Central Government.

Clause 32-H.—Enables the Central Government to set up a Consumers Advisory Committee to advise the Salt Board on matters affecting the sale, supply or distribution of salt.

Clause 32-I.—Formal.

Clause 32-J.—Enables the Central Government to exercise general control over the activities of the Salt Board.

Clauses 14 and 15.—Provide for appeal against an order of a Central Salt Officer and for revision by the Central Government of such an order.

Clause 16.—Enables the Central Government to make rules under the Act after consultation with the Salt Board.

Clause 17.—Protects the Salt Board and its officers against legal proceedings in respect of orders passed, or acts done, in good faith and in their capacity as public servants.

Clauses 18 and 19.—Consequential on Clause 3.

The following Bill was introduced in the Legislative Assembly on the 1st April 1947:—

L. A. BILL No. 39 OF 1947

A Bill further to amend the Reserve Bank of India Act, 1934

II of 1934

WHEREAS it is expedient further to amend the Reserve Bank of India Act, 1934, for the purposes hereinafter appearing;

It is hereby enacted as follows:—

Short title

1. This Act may be called the Reserve Bank of India (Second Amendment) Act, 1947.

Amendment of section 2, Act II of 1934

2. In section 2 of the Reserve Bank of India Act, 1934 (hereinafter referred to as the said Act), after clause (b) the following clause shall be inserted, namely:—

VII of 1947

“(bb) “foreign exchange” has the same meaning as in the Foreign Exchange Regulation Act, 1947;,”

Amendment of section 17, Act II of 1934

3. In section 17 of the said Act,—

(a) to sub-clause (a) of clause (11) the words “or foreign exchange” shall be added;

(b) to clause (12) the words “and foreign exchange” shall be added;

(c) after clause (12) the following clause shall be inserted, namely:—

“(12A) the purchase and sale of securities issued by the Government of any country outside India and expressed to be payable in a foreign currency, being in the case of purchase by the Bank, securities maturing within a period of ten years from the date of purchase;”;

*The Governor-General has been pleased to give the previous sanction required by section 153 of the Government of India Act, 1935, to the introduction in the Legislative Assembly of this Bill.

(d) for clause 13) the following clause shall be substituted, namely :-

"(13) the opening of an account with or the making of an agency agreement with, and the acting as agent or correspondent of, a bank incorporated in any country outside India or the principal currency authority of any country under the law for the time being in force in that country or any international bank formed by such principal currency authorities, and the investing of the funds of the Bank in the shares of any such international bank ;".

4. For sections 40 and 41 of the said Act, the following section shall be substituted, namely :—

Substitution of new-section for sections 40 and 41, Act II of 1934

'40. The Bank shall sell to or buy from any authorised person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi or Madras, foreign exchange at such rates of exchange and on such conditions as the Central Government may from time to time by general or special order determine, having regard so far as rates of exchange are concerned to its obligation to the International Monetary Fund :

Transactions in foreign exchange

Provided that no person shall be entitled to demand to buy or sell foreign exchange of a value less than two lakhs of rupees.

Explanation.—In this section "authorised person" means a person who is entitled by or under the Foreign Exchange Regulation Act, 1947, to buy, or as the case may be, sell, the foreign exchange to which his demand relates.'

STATEMENT OF OBJECTS AND REASONS

The external value of the rupee is at present regulated by sections 40 and 41 of the Reserve Bank of India Act which oblige the Bank to buy and sell sterling without limit of amount between certain specified rates above and below 1s. 8d. to the rupee. Under the Articles of Agreement of the International Monetary Fund member countries are required to express the par values of their currencies in terms of gold, and exchange rates are determined by the ratios which par values so expressed of member currencies bear to each other. Consequent on India's membership of the International Monetary Fund and the fixing of par values thereunder, sterling has ceased to be the sole determinant of the external value of the rupee. It follows therefore, that sections 40 and 41 of the Act which make it so, require amendment. The Bill is designed to repeal these sections and to replace them by a section which will require the Reserve Bank to buy and to sell foreign exchange at such rates and on such terms and conditions as the Central Government may from time to time determine in conformity with its obligations as a member of the International Monetary Fund, as this is the most appropriate way in which in present conditions the external value of the rupee can be maintained.

2. The Reserve Bank may in future be required to buy and sell foreign exchange other than sterling and as it is not empowered to do so under the Act as it stands, certain consequential amendments to the Act are also being made with the object of defining foreign exchange and permitting the Reserve Bank to buy and sell foreign exchange both on its own account and on account of Government.

NEW DELHI ;
The 27th March, 1947.

LIAQUAT ALI KHAN.

The following Bill* was introduced in the Legislative Assembly on the 1st April 1947:—

L. A. BILL No. 40 OF 1947

A Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act, 1932.

XXXII of 1934 WHEREAS it is expedient further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act, 1932, for the purposes hereinafter appearing ;

XIII of 1932 It is hereby enacted as follows :—

Short title. 1. This Act may be called the Indian Tariff (Amendment) Act, 1947.

Amendment of First Schedule, Act XXXII of 1934. 2. (1) In the First Schedule to the Indian Tariff Act, 1934—
(a) in Items Nos. 10 (1) and 11(1),—

(i) in the third column, for the word "Protective" the word "Revenue" shall be substituted ;

(ii) in the fourth column, for the words and figures "Rs. 1-8 per cwt." the word "Free" shall be substituted.

(iii) the entry in the last column shall be omitted.

(b) in Items Nos. 17, 28(5), 46, 46(1), 47, 47(1), 48, 48(1), 48(4), 48(5), 48(7), 48(10) and 61(5), in the last column, for the figures "1947" wherever they occur, the figures "1948" shall be substituted ;

(c) in Item No. 18,—

(i) in the third column, for the word "Revenue" the word "Protective" shall be substituted ;

(ii) in the last column, the words and figures "March 31st, 1950" shall be inserted ;

(d) in Item No. 28(8), in the second column, the words "potassium bichromate," and the words "sodium bichromate," shall be omitted ;

(e) after Item No. 28(14) the following Items shall be inserted, namely :—

28(15)	CALCIUM CHLORIDE— (a) of British manufacture . (b) not of British manufacture . Provided that calcium chloride manufactured in a British Colony shall be deemed to be of British manufacture.	Protective Protective	Rs. 3-4 per cwt. Rs. 4-14 per cwt.	... .	March 31st, 1948. March 31st, 1948.
28(16)	PHOSPHORIC ACID .	Protective	Rs. 23 per cwt.		March 31st, 1949.
28(17)	POTASSIUM BICHROMATE, SODIUM BICHROMATE and BICHRROME compounds.	Protective	30 per cent. <i>ad valorem</i> .		March 31st, 1948.

*The Governor-General has been pleased to give the previous sanction required by clause (a) of sub-section (2) of section 67 of the Government of India Act, 1935, saved from repeal by paragraph 12 of the Government of India (Commencement and Transitory Provisions) Order 1936, to the introduction in the Legislative Assembly of this Bill.

28(18)	The following SODIUM compounds, namely :— (a) Sodium phosphates— (i) of British manufacture, (ii) not of British manufacture, (b) Sodium sulphite and sodium bisulphite— (i) of British manufacture, (ii) not of British manufacture, (c) Sodium thiosulphate— (i) of British manufacture, (ii) not of British manufacture; Provided that the articles dutiable under this Item manufactured in a British Colony shall be deemed to be of British manufacture.	Protective Protective Protective Protective Protective Protective	Rs. 7-6 per cwt. Rs. 11 per cwt. Rs. 8 per cwt. Rs. 12 per cwt. Rs. 5 per cwt. Rs. 7-8 per cwt.	March 31st, 1949. March 31st, 1949. March 31st, 1950. March 31st, 1950. March 31st, 1950. March 31st, 1950. ¹
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(f) after Item No. 30(8) the following Items shall be inserted, namely :—

“ 30(9)	ABRASIVE PAPERS and rolls, coils, discs, belts, shapes and tapes, made of abrasive paper, when imported as stores apart from machinery— (a) of British manufacture, (b) not of British manufacture.	Protective Protective	24 per cent. <i>ad valorem</i> . 36 per cent. <i>ad valorem</i>	March 31st, 1949. March 31st, 1949.
30(10)	EMERY CLOTH and abrasive rolls, coils, discs, belts, shapes and tapes, made of emery cloth or a combination of emery cloth and paper.	Protective	30 per cent. <i>ad valorem</i>.	...	...	March 31st, 1949.

(g) for Items Nos. 43, 44, 44(1), 44(2) and 44(3), the following Items shall be substituted, namely :—

“ 43	WOOD PULP	Revenue	18 per cent. <i>ad valorem</i>.	...	...	...
44	PAPER, all sorts, not otherwise specified.	Revenue	30 per cent. <i>ad valorem</i>.	...	...	... ”

(h) in Item No. 45, in the second column, the words “ but excluding paper and stationery otherwise specified ” shall be omitted ;

(i) in Item Nos. 47(6), 48(3), 48(9), 49(5), 51(2), 51(3), 63(6), 63(9), 63(10), 63(12), 63(15), 63(17), 63(19), 63(21), 63(27) and 74,—

(i) in the third column, for the word “ Protective ” wherever it occurs, the word “ Revenue ” shall be substituted ;

(ii) the entry or entries in the last column shall be omitted ;

(j) in Item No. 49, for the words and figures “ the fabric specified in Item No. 48, 48(1), 48(3), 48(4), 48(5), 48(7), 48(9) or

48(10) :—" in the second column, and for the entries in the succeeding columns against the said Item, the following shall be substituted, namely :—

the fabrics specified in—					
(a) Item No. 48, 48(1), 48(4), 48(5), 48(7) or 48(10) ;	Protective	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	..	..	The duration applicable to the fabric of which the article is wholly or mainly made. „
(b) Item No. 48(3) or 48(9) :—	Revenue	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.	..	..	...

(k) in Item No. 63(2),—

(i) in the second column, after the word "flat" the brackets and words "(other than alloy, tool or special steel)" shall be inserted ;

(ii) in the third column, for the word "Protective" wherever it occurs, the word "Revenue" shall be substituted ;

(iii) the entries in the last column shall be omitted

(l) in Item No. 63(3),—

(i) in the second column, after the word "STEEL" the brackets and words "(other than alloy, tool or special steel)" shall be inserted ;

(ii) in the third column, for the word "Protective" in both places where it occurs, the word "Revenue" shall be substituted ;

(iii) the entries in the last column shall be omitted ;

(m) in Item No. 63(20),—

(i) in the second column, after the words "STEEL SHEETS" the words "other than high silicon electrical steel sheets" shall be inserted ;

(ii) in the third column, for the word "Protective" wherever it occurs, the word "Revenue" shall be substituted ;

(iii) the entries in the last column shall be omitted ;

(n) in Item 63(25),—

(i) in the second column, after the words "other than" the words "high carbon or spring steel wire," shall be inserted ;

(ii) in the third column, for the word "Protective" in both places where it occurs, the word "Revenue" shall be substituted ;

(iii) the entries in the last column shall be omitted ;

(o) after Item No. 63(29) the following Items shall be inserted, namely :—

63(30)	ALLOY, TOOL or SPECIAL STEEL rod, bar and flat— (a) of British manufacture,	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India plus Rs. 10 per ton, or 10 per cent. <i>ad valorem</i> , whichever is higher, plus one-fifth of such higher amount.	..	..	March 31st, 1948.
	(b) not of British manufacture,	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India plus Rs. 30 per ton or 20 per cent. <i>ad valorem</i> , whichever is higher, plus one-fifth of such higher amount.	..	..	March 31st, 1948.
63(31)	HIGH SILICON ELECTRICAL STEEL SHEETS— (a) of British manufacture,	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India, plus Rs. 11 per ton, or 10 per cent. <i>ad valorem</i> , whichever is higher, plus one-fifth of such higher amount.	...	..	March 31st, 1948.
	(b) not of British manufacture.	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India, plus Rs. 32 per ton, plus one-fifth of the total of such amounts.	...	..	March 31st, 1948.
63(32)	HIGH CARBON or SPRING STEEL WIRE— (a) of British manufacture,	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India, plus Rs. 25 per ton, plus one-fifth of the total of such amounts.	...	...	March 31st, 1948.
	(b) not of British manufacture,	Protective	1½ times the excise duty leviable for the time being on steel ingots produced in British India, plus Rs. 60 per ton, plus one-fifth of the total of such amounts.	...	..	March 31st, 1948.
63(33)	IRON or STEEL WOODSCREWS.	Protective	30 per cent. <i>ad valorem</i>.	...	...	March 31st, 1950."

(p) after Item No. 70(1) the following Items shall be inserted, namely :—

"70(2)	CRUDE ANTIMONY.	Protective	20 per cent. <i>ad valorem</i>.	..	..	March 31st, 1949.
70(3)	ANTIMONY, other than crude antimony.	Protective	30 per cent. <i>ad valorem</i>.	...	...	March 31st, 1949."

(q) after Item No. 71(6) the following Item shall be inserted, namely :—

"71(7)	HURRICANE LANTERNS	Protective	30 per cent. <i>ad valorem</i>	March 31st, 1947."
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(r) in Item No. 72(10), in the second column, the words "SEWING and" shall be omitted;

(s) after Item No. 72(10) the following Item shall be inserted, namely:—

" 72(11)	SEWING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one quarter of one brake-horse-power—								
	(a) of British manufacture,	Protective	24 per cent. <i>ad valorem</i>	...	...	...	...	March 31st, 1949.	
	(b) not of British manufacture.	Protective	36 per cent. <i>ad valorem</i>	.	...	...	...	March 31st, 1949."	
(t) for Item No. 75(5) the following Items shall be substituted, namely:—									
" 75(5)	CYCLES (other than motor cycles) imported entire or in sections—								
	(a) of British manufacture,	Protective	24 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949	
	(b) not of British manufacture.	Protective	36 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
75(6)	FRAMES for cycles (other than motor cycles)—								
	(a) of British manufacture,	Protective	24 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
	(b) not of British manufacture.	Protective	36 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
75(7)	HANDLEBARS for cycles (other than motor cycles)—								
	(a) of British manufacture,	Protective	24 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
	(b) not of British manufacture.	Protective	36 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
75(8)	All other parts and accessories of CYCLES (other than motor cycles) not otherwise specified (excluding rubber tyres and tubes)—								
	(a) of British manufacture,	Protective	24 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949.	
	(b) not of British manufacture.	Protective	36 per cent. <i>ad valorem</i>.	..	..	..	..	March 31st, 1949."	

(2) The additional duties of customs referred to in section 4 of the Indian Finance Act, 1947, shall not be levied or collected on the goods comprised in Items Nos. 28(15), 28(16), 28(17), 28 (18), 30(9), 30 (10), 43, 44, 63(30), 63(31), 63(32), 63(33), 70(2), 70(3), 71(7), 72(11), 75(5), 75(6), 75(7) and 75(8) of the aforesaid Schedule.

3. In the preamble and section 3 of the Sugar Industry (Protection) Act, 1932, for the figures "1947" wherever they occur, the figures "1948" shall be substituted.

Amendment of
preamble and
section 3, Act
XIII of 1932.

* * * * *

Declaration under the Provisional Collection of Taxes Act, 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 2 and 3 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

STATEMENT OF OBJECTS AND REASONS

The objects of the Bill are—

(a) to give protection to the

- (1) sodium thiosulphate, sodium sulphite and sodium bisulphite, (2) bichromates, (3) phosphates and phosphoric acid, (4) calcium chloride, (5) coated abrasives, (6) hurricane lantern, (7) cocoa powder and chocolate, (8) sewing machines, (9) wood screws, (10) antimony, and (11) bicycles

industries in accordance with the decisions announced by the Government of India in their Resolutions Nos. 218-T (68)/46, 218-T (69)/46, 218-T(70)/46 and 218-T(84)/46, dated the 21st December 1946, Nos. 218-T(82)/46 and 218-T(83)/46, dated the 25th January 1947, 218-T(86)/46, dated the 1st February 1947, 218-T(27)/47, 218-T(1)/47, 218-T(20)/47 and 218-T(10)/47, dated the 22nd March 1947, on the Tariff Board's Reports on those industries;

(b) to continue protection for a further period of one year from 1st April 1947 in respect of

- (1) certain articles of iron and steel, namely, alloy, tool and specialsteels, high silicon electrical steel sheets and light carbon and spring steel wires;
- (2) certain articles of artificial silk and cotton and artificial silk mixed fabrics;
- (3) silk and silk manufactures;
- (4) sugar;
- (5) magnesium chloride; and
- (6) silver thread and wire (including so-called gold thread and wire mainly made of silver);

(c) to impose revenue duties on the following articles, namely, wheat, wheat flour, wood pulp and paper, cotton textiles and certain iron and steel manufactures consequent on the withdrawal of protection from those articles.

ISMAIL I. CHUNDRIGAR.

NEW DELHI;

The 27th March, 1947.

M. N. KAUL,
Secy. to the Govt. of India.

